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Wieland Electric GMBH v Industrial Automation (M) Sdn Bhd & Anor

HIGH COURT (KUALA LUMPUR) — ORIGINATING SUMMONS NO 24IP-14–06 OF 2013
AZIZAH NAWAWI JC
4 MARCH 2014

Trade Marks — Registered trademark — Expungement — Application for — Plaintiff person aggrieved and had locus standi — Whether plaintiff established first use of disputed mark in Malaysia — Whether plaintiff rightful proprietor of disputed mark — Whether use of disputed mark by defendant as plaintiff's agent in Malaysian gave defendant ownership right over disputed mark — Registering mark belonging to another person constitutes fraud committed on registrar — Whether defendant committing fraud and misrepresentation in registering disputed mark — Likelihood of deceiving or causing confusion to public — Whether lack of distinctiveness — Whether failure of plaintiff to oppose defendant's registration precluded plaintiff from applying to expunge — Whether undue delay in applying to expunge — Trade Marks Act 1976 ss 10(1)(e), 10(2A), 25(1) & 45(1)(a)

The plaintiff, which was founded in 1920, was a company incorporated in Germany and a manufacturer of electrical connection technology. The plaintiff formed part of the Wieland Group which had subsidiaries or was represented in over 70 countries worldwide. Since its inception, the plaintiff had been trading under the name Wieland. The plaintiff had been using the mark wieland (the 'W' device together with the word mark WIELAND) in the course of its trade. The plaintiff had obtained an international trademark registration for wieland, national trademark registrations in Germany for the Wieland trademarks and trademark registrations in many other countries all over the world for Wieland trademarks since 1963. On 21 May 2001, the plaintiff entered into an agency agreement with the first defendant wherein the first defendant was appointed as the sales agent for the Wieland products in Malaysia. Subsequently, the first defendant applied for and obtained registration of a trademark identical to the Wieland trademarks in its own name ('the subject trademark'). The plaintiff had sent an e-mail to the first defendant stating that the plaintiff did not authorise the filing of the application and demanded that the defendant immediately took steps to stop the registration of the trademark. The first defendant had answered admitting to filing the registration without consulting the plaintiff. The first defendant however requested that the plaintiff allow the first defendant to proceed with the registration. The first defendant undertook that it would thereafter take the necessary steps to assign the registered trademark to the plaintiff. However, subsequently the first defendant refused to assign the subject trademark to the

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plaintiff. As a result of this refusal, the plaintiff terminated the agency agreement and filed this action to expunge the subject trademark from the register of trademarks.

Held, allowing the plaintiff's application with costs and ordering the Wieland trademarks to be expunged from the Register of Trade Marks, Malaysia:

(1) Under s 45(1)(a) of the Trade Marks Act 1976 ('the Act'), the plaintiff must show that they were a person aggrieved in order to establish their locus standi. There was nothing in the affidavit of the first defendant that challenged the locus standi of the plaintiff, in that the plaintiff was not a person aggrieved under s 45(1)(a) of the Act. From the affidavits of the plaintiff, the plaintiff was an aggrieved person under s 45(1)(a) (see para 19); *The Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors v Syarikat Faiza Sdn Bhd* [2011] 2 MLJ 768 referred.

(2) The plaintiff had established the first use of the Wieland trademarks in Malaysia prior to the registration date of the subject trademark. Further, from the agency agreement and the e-mails of the first defendant, it was without doubt that it was the plaintiff who was the owner of the marks and they were the ones who first intended that their mark should be used in Malaysia. The plaintiff was thus the first to use the Wieland trademarks in Malaysia and, therefore, was the rightful proprietor pursuant to s 25(1) of the Act (see paras 26 & 29).

(3) Any act of the first defendant in promoting the Wieland trademarks and the Wieland Goods formed part of its obligations to the plaintiff as its sales agent in Malaysia. Such activities did not accord the defendant any ownership rights over the Wieland trademarks. Goodwill in the Wieland trademark through such use by the defendant, if any, accrued to the plaintiff (see para 30).

(4) Since the plaintiff was the rightful proprietor of the subject trademark at all material times, pursuant to s 25 only the plaintiff had the legal right to make the application to the registrar for the registration of wieland in the register (see para 33).

(5) Registering of a mark that rightfully belongs to another person constitutes a fraud committed on the registrar. The first defendant had misled and misrepresented itself to the registrar by claiming to be the rightful proprietor of the Wieland trademark. This was clearly a fraud as the first defendant had merely been an importer and/or the agent and/or distributor of the plaintiff in Malaysia at all material times. Since the first defendant had obtained the registration of the subject trademark by fraud, the first plaintiff could not seek the protection of s 37 of the Act (see paras 36, 40 & 44).

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(6) The subject trademark was likely to deceive or cause confusion to the public and was contrary to the law. Therefore, the registration of the subject trademark should not be allowed to remain on the register (see paras 46 & 48).

(7) Under ss 10(1)(e) and 10(2A) of the Act, a mark should only be registered if it is distinctive, and distinctive means that the trademark must be capable of distinguishing the goods with which the proprietor is connected in the course of trade from goods which no such connection subsists. The subject trademark was not distinctive of the goods of the first defendant. This is because at all material times, the defendant was only the sale agent/distributor/importer of the plaintiff's Wieland products. The subject trademark was distinctive of the plaintiff, with the first defendant acting as the 'sole agent' of the said products (see paras 50–52).

(8) There was a clear undertaking by the first defendant that it would transfer the registration of the subject trademark to the plaintiff, but they failed to do so. This clearly showed that the first defendant was dishonest, and acted in bad faith by blatantly making false representations to the plaintiff which went to show that the intention of the defendant was to hijack the goodwill and reputation in the subject trademark which rightfully belonged to the plaintiff. Hence, the failure of the plaintiff to file an opposition to the first defendant's registration did not preclude the plaintiff from taking this action premised on s 45(1) of the Act (see paras 56–58).

(9) There had not been any delay in the application given the fact that the subject mark was only accepted to be registered on 14 December 2011 and the parties had been trying to settle the dispute amicably since then. This application was filed only after negotiation between the parties failed resulting in the termination of the agency agreement on 11 March 2013. Further, the plaintiff was merely seeking an enforcement of their statutory rights. Mere delay after knowledge of infringement does not deprive the applicants of their statutory rights or appropriate remedies (see paras 60 & 62).

[Bahasa Malaysia summary

Plaintif, yang ditubuhkan pada 1920, adalah syarikat yang diperbadankan di Jerman dan pembekal teknologi sambungan elektrik. Plaintif membentuk sebahagian daripada Wieland Group yang mempunyai subsidiari-subsidiari atau diwakili oleh 70 negara di seluruh dunia. Sejak penubuhannya, plaintif telah berurus niaga di bawah nama Wieland. Plaintif telah menggunakan tanda wieland (peranti 'W' bersama dengan tanda perkataan WIELAND) sepanjang perniagaannya. Plaintif telah memperoleh pendaftaran tanda dagangan untuk wieland, pendaftaran tanda dagangan negara di

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Jerman untuk tanda dagangan Wieland dan pendaftaran tanda dagangan di kebanyakan negara lain di serata dunia untuk tanda dagangan Wieland sejak 1963. Pada 21 Mei 2001, plaintif memasuki perjanjian agensi dengan defendan pertama di mana defendan pertama dilantik sebagai ejen jualan untuk produk Wieland di Malaysia. Berikutan itu, defendan pertama telah memohon untuk dan memperoleh pendaftaran tanda dagangan yang sama dengan Wieland *trademarks* dalam namanya sendiri ('subjek tanda dagangan'). Plaintif telah menghantar e-mel kepada defendan pertama menyatakan bahawa plaitnif tidak membenarkan pemfailan permohonan dan menuntut agar defendan serta merta mengambil langkah untuk menghentikan pendaftaran tanda dagangan itu. Defendan pertama telah menjawab dengan mengakui tentang pemfailan pendaftaran itu tanpa berunding dengan plaintif. Defendan pertama bagaimanapun meminta agar plaintif membenarkan defendan pertama untuk meneruskan pendaftaran itu. Defendan pertama mengakujanji bahawa ia akan mengambil langkah-langkah yang perlu untuk menyerahhakkan tanda dagangan berdaftar kepada plaintif. Walau bagaimanapun, berikutan itu defendan pertama enggan untuk menyerah hak subjek tanda dagangan kepada plaintif. Akibat daripada keenggan ini, plaintif telah menamatkan perjanjian agensi itu dan memfailkan tindakan ini untuk memadamkan subjek tanda dagangan dari daftar tanda dagangan.

Diputuskan, membenarkan permohonan plaintif dengan kos dan memerintahkan tanda dagangan Wieland dipadamkan dari Daftar Tanda Dagangan, Malaysia:

(1) Di bawah s 45(1)(a) Akta Tanda Perdagangan 1976 ('Akta'), plaintif perlu menunjukkan bahawa mereka orang yang terkilan bagi tujuan membuktikan locus standi mereka. Tiada apa-apa dalam afidavit defendan pertama yang mencabar locus standi plaintif, yang mana plaintif bukan orang yang terkilan di bawah s 45(1)(a) Akta. Berdasarkan afidavit-afidavit plaintif, plaintif adalah orang yang terkilan di bawah s 45(1)(a) (lihat perenggan 19); *The Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors v Syarikat Faiza Sdn Bhd* [2011] 2 MLJ 768 dirujuk.

(2) Plaintiff telah membuktikan penggunaan pertama tanda dagangan Wieland di Malaysia sebelum tarikh pendaftaran subjek tanda dagangan. Selanjutnya, berdasarkan perjanjian agensi dan e-mel-e-mel defendan pertama, adalah tanpa ragu bahawa plaintif adalah pemilik tanda-tanda itu dan mereka adalah yang pertama bertujuan agar tanda mereka patut digunakan di Malaysia. Plaintif dengan itu adalah yang pertama untuk menggunakan tanda dagangan Wieland di Malaysia dan, oleh demikian, adalah pemilik yang sah menurut s 25(1) Akta itu (lihat perenggan 26 & 29).

(3) Apa-apa tindakan defendan pertama dalam mempromosikan tanda dagangan Wieland dan Wieland *goods* membentuk sebahagian daripada

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obligasinya kepada plaintif sebagai ejen jualan di Malaysia. Aktiviti-aktiviti sedemikian tidak memberikan defendan apa-apa hak milikan ke atas Wieland *trademarks*. Nama baik dalam Wieland *trademark* melalui penggunaan sedemikian oleh defendan, jika ada, terakru kepada plaintif (lihat perenggan 30).

(4) Oleh kerana plaintif adalah pemilik yang sah subjek tanda dagangan itu pada setiap masa matan, menurut s 25 hanya plaintif mempunyai hak undang-undang untuk membuat permohonan kepada Pendaftar bagi pendaftaran wieland dalam daftar itu (lihat perenggan 33).

(5) Pendaftaran tanda yang secara haknya dimiliki oleh orang lain membentuk penipuan yang dilakukan kepada pendaftar. Defendan pertama telah memperdaya dan menyalahnyatakan sendiri kepada pendaftar dengan mendakwa sebagai pemilik sah tanda dagangan Wieland. Adalah jelas ini adalah penipuan kerana defendan pertama hanya pengimport dan/atau ejen dan/atau pengedar plaintif di Malaysia pada setiap masa matan. Oleh kerana defendan pertama telah memperoleh pendaftaran subjek tanda dagangan melalui penipuan, plaintif pertama tidak boleh memohon perlindungan s 37 Akta (lihat perenggan 36, 40 & 44).

(6) Subjek tanda dagangan itu kemungkinan menipu atau menyebabkan kekeliruan kepada pihak awam dan adalah bertentangan dengan undang-undang. Oleh itu, pendaftaran subjek tanda dagangan tidak patut dibenarkan kekal atas daftar (lihat perenggan 46 & 48).

(7) Di bawah ss 10(1)(e) dan 10(2A) Akta, suatu tanda hanya patut didaftarkan jika ia berbeza, dan berbeza bermaksud tanda dagangan itu boleh membezakan barangan yang berkaitan dengan pemilik jika perdagangan barangan tanpa kaitan tersebut berlaku. Subjek tanda dagangan tidak membezakan barangan defendan pertama. Ini adalah kerana pada setiap masa matan, defendan hanya ejen jualan/pengedar/pengimport produk-produk Wieland plaintif. Subjek tanda dagangan membezakan plaintif, di mana defendan pertama bertindak sebagai ejen tunggal produk-produk tersebut (lihat perenggan 50–52).

(8) Terdapat akujanji yang jelas oleh defendan pertama bahawa ia akan memindahkan pendaftaran subjek tanda dagangan itu kepada plaintif, tetapi mereka telah gagal berbuat demikian. Ini jelas menunjukkan bahawa defendan pertama adalah tidak jujur, dan bertindak dengan niat jahat dengan terang-terangan membuat representasi palsu kepada plaintif yang menunjukkan bahawa tujuan defendan adalah untuk menjejaskan nama baik dan reputasi subjek tanda dagangan yang secara sah milik plaintif. Justeru, kegagalan plaintif untuk memfailkan bantahan terhadap pendaftaran defendan pertama tidak mengecualikan

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plaintif daripada mengambil tindakan ini berasaskan s 45(1) Akta (lihat perenggan 56–58).

(9) Tiada apa-apa kelewatan dalam permohonan itu berdasarkan fakta bahawa subjek tanda itu hanya diterima untuk didaftarkan pada 14 Disember 2011 dan pihak-pihak telah cuba untuk menyelesaikan pertikaian secara aman sejak itu. Permohonan ini telah difailkan hanya selepas rundingan antara pihak-pihak gagal mengakibatkan penamatan perjanjian agensi pada 11 Mac 2013. Selanjutnya, plaintif hanya memohon penguatkuasaan hak-hak statutori mereka. Kelewatan semata-mata selepas mengetahui tentang pelanggaran tidak menafikan pemohon-pemohon hak-hak statutori mereka atau remedi-remedi yang sewajarnya (lihat perenggan 60 & 62).]

Notes

For cases on expungement, see 12(2) *Mallal's Digest* (4th Ed, 2013 Reissue) paras 2578–2610.

Cases referred to

Agricultural and Processed Food Products Export Development Authority of India (APEDA), The & Ors v Syarikat Faiza Sdn Bhd [2011] 2 MLJ 768; [2011] 9 CLJ 394, HC (refd)

Faber Merlin (M) Sdn Bhd & Ors v Lye Thai Sang & Anor Tan Kim Chua Realty Sdn Bhd v Lye Thai Sang & Anor [1985] 2 MLJ 380, SC (refd)

Hai-O Enterprise Bhd v Nguang Chan @ Nguang Chan Liquor Trader (a firm intervening) [1992] 4 CLJ 1985, HC (refd)

Ho Tack Sien & Ors v Rotta Research Laboratorium SpA & Anor [2012] MLJU 1192; [2012] 8 CLJ 645, CA (refd)

Jost Cranes GmbH & Co KG v Jost Cranes Sdn Bhd [2010] 4 MLJ 191, HC (refd)

Lim Yew Sing v Hummel International Sports & Leisure A/S [1996] 3 MLJ 7, CA (distd)

Luk Lamellen Und Kupplungsbau GmbH v South East Asia Clutch Industries Sdn Bhd [1997] 2 MLJ 724, HC (refd)

McLaren International Ltd v Lim Yat Meen [2009] 5 MLJ 741, FC (refd)

Meidi (M) Sdn Bhd v Meidi-Ya Co Ltd, Japan & Anor [2008] 6 MLJ 433; [2008] 1 CLJ 46, CA (refd)

Moorgate Tobacco Co Ltd v Philip Morris Ltd (No 2) (1984) 156 CLR 414, HC (refd)

RH Macy & Co Inc v Trade Accents [1992] 1 SLR 581, HC (refd)

Regent Pumps Pty Ltd & Anor v Keylargo Industrial Sdn Bhd [2009] 2 CLJ 303, HC (refd)

Vidal Dyes Syndicate Ltd v Levinstein (1912) 29 RPC 245, CA (refd)

Yong Teng Hing b/s Hong Kong Trading Co & Anor v Walton International Ltd [2012] 6 MLJ 609; [2012] 6 CLJ 337, FC (refd)

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Legislation referred to

Trade Marks Act 1976 ss 10, 10(1)(e), (2A), 14, 14(1)(a), (b), 25(1), 37, 45(1), 45(1)(a), 46(1)

Kuek Pei Yee (Sri Richgopinath with him) (Skrine) for the plaintiff.
Ravin Woodhull (HN Wong with him) (Huei & Co) for the defendant.

Azizah Nawawi JC:

APPLICATION

[1] The plaintiff's originating summons ('the OS') dated 21 June 2013 is seeking several declaratory orders against the defendant, namely:

(a) a declaration that the Trademark Registration No 05016795 for wieland is an entry made on the register of trademarks without sufficient cause;

(b) a declaration that the Trademark Registration No 05016795 for wieland is an entry wrongfully remaining on the register of trademarks;

(c) a declaration that the defendant had wrongfully applied for and obtained the registration of Malaysian Trademark Registration No 05016795 for wieland ;

(d) a declaration that the defendant is not the rightful proprietor of the 'wieland' mark;

(e) a declaration that the plaintiff is the rightful proprietor of the wieland mark;

(f) a declaration that the Trademark Registration No 05016795 for wieland is an entry made on the Register of Trademarks without sufficient cause;

(g) a declaration that the Malaysian Trademark Registration No 05016795 for wieland was obtained by the defendant by fraud; and

(h) an order that the Malaysian Trademark Registration No 05016795 for wieland

(i) be expunged from the register of trademarks Malaysia; or

(ii) alternatively, be varied to substitute the name of the plaintiff instead of the defendant as the registered proprietor of Malaysian Trademark Registration No 05016795 for 'Wieland'.

[2] The grounds of the application are as follows:

(a) the plaintiff is the rightful proprietor of the wieland mark;

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(b) the defendant is merely a distributor at the time the application for registration was submitted and has no authority to apply to register the wieland mark;

(c) the registration was obtained by fraud committed on the registrar of trademarks; and

(d) the registration should not have been allowed as it is identical with the plaintiff's wieland mark and therefore registration and use of mark by the defendant is likely to deceive and cause confusion to the public.

THE SALIENT FACTS

[3] From the submissions of the parties, the facts disclosed that the plaintiff, which was founded in 1920, is a company incorporated in Bamberg, Germany and a manufacturer of electrical connection technology for automation technology and building installation. The plaintiff forms part of the Wieland Group which has subsidiaries and/or is represented in over 70 countries worldwide.

[4] The plaintiff says that since its inception in 1910, it has been trading under the name Wieland. The plaintiff has been using the mark wieland (the 'W' device together with the word mark WIELAND) in the course of its trade since 1997 in many countries. The plaintiff has been using similar signs and logos (the 'W' device and/or its variations, either together or separately with, the WIELAND word mark and/or its variations) for more than 40 years ('the Wieland trademarks').

[5] The plaintiff says that it has a long, continuous and extensive worldwide use of the Wieland trademarks which is a well-known mark internationally and that the plaintiff and/or entities under the Wieland Group have established themselves in the industry as the sole manufacturer of Wieland products.

[6] As such, the plaintiff has obtained an international trademark registration with IR No 686241 for wieland on 6 December 1997 under the Madrid System and other international trademark registration for the 'W' device and WIELAND word marks under the Madrid System, national trademark registrations in Germany for the Wieland trademarks, and trademark registrations in many other countries all over the world for Wieland trademarks since 1963.

[7] From the corporate profile of the first defendant, the first defendant was incorporated on 1 September 1976 and is the distribution arm of Vitar Bros Group of Companies, a supplier of industrial electronic and electronic

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products. The first defendant claims to be the sole distributor, as well as manufacturer of many reputable and leading names of a range of electrical and automation products.

[8] On 21 May 2001, the plaintiff entered into an agency agreement with the first defendant wherein the first defendant was appointed as the sales agent for the Wieland products in Malaysia. The salient terms of the agency agreement are as follows:

(a) under cl (1), the first defendant is to sell the 'WIELAND' products within Malaysia;

(b) under cl (2), the first defendant is 'not to sell, produce or have produced any goods directly or indirectly which are competitive to 'WIELAND' products, are identical or similar to them or have the capability of being used as a substitute for them';

(c) under cl 12, the first defendant 'operates in the territory for 'WIELAND' as agent on commission basis as well as distributor'; and

(d) under cl 12a, the first defendant 'will observe the market situation, guard the interest of WIELAND in the territory'.

[9] On or about 6 October 2005, the first defendant had applied for the registration of a trademark identical to the Wieland trademarks in its own name vide Trademark Application No 05016795 in respect of terminal blocks, heavy duty connector, PCB connector, input/output modules, all in included in class 9 ('the subject trademark'). The subject trademark was subsequently registered by the registrar of trademarks on 14 December 2011.

[10] In an e-mail dated 24 October 2011, the plaintiff wrote to the first defendant to enquire about Trademark Application No 05016795, stating that the plaintiff did not authorise the filing of the application and to demand that the defendant immediately took steps to stop the registration of the trademark.

[11] On or about 3 November 2011 (see exh 'JG10'), the first defendant responded by way of e-mail to include the following statements:

> Regarding the registration of Wieland trademark, we confirm we did proceed to perform the trademark registration in 2005.
>
> We apologise for not discussed with you prior to this as we thought as a responsible distributor; we must act quickly to protect the interest of manufacturer and its brand name.
>
> Development after 2005/2006

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- We managed to register couple brand names on time, together with relevant principal manufacturers support; we have taken action against those unethical importer and sellers.

- ....

- For the last couple of years, the imitation goods activity had scaled down tremendously, as such we did not aggressively follow up with the trademark authority on Wieland trademark registration.

Remarks

- After successful taken effective action against some unethical importers, we have arranged with relevant principal manufacturer for transferring back the trademark registration.

- So far, respective principal manufactures were thankful for our proactive action in protecting their brand name in Malaysia.

Latest Situation

- As mentioned, the imitation goods had scaled down tremendously, as such we did not follow through the trademark registration file.

- In fact, if not receiving your e-mail, and checked our file, we may have forgotten our registration for Wieland that is still under processing.

Commentary

- If we drop it now, the registration has to start from zero.

Request and Proposal

- We have checked the file, the registration is already at the last stage that is gazette stage.

- Shortly after the gazette date, the registration certificate will be issued.

- Thereafter, we can arrange within Wieland and IA for the transfer.

- We request that you let IA proceed to obtain the registration, later we shall arrange to relevant transfer.

- This is easy as we have done this with other principal manufacturer.

Once again, sincere apologies for not checking or alert prior our action, giving you shocking moments.

Looking forward to receiving your positive news on our request and proposal.

[12] From the said e-mail, the first defendant had admitted to filing the registration without consulting the plaintiff, the principal manufacturer and requested that the plaintiff allow the Trademark Application No 05016795 to proceed to registration and thereafter, the first defendant would take the necessary steps to assign the registered trademark to the plaintiff.

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[13] However, the first defendant had refused, failed or neglected to assign the subject trademark to the plaintiff despite the requests and demands to do so.

[14] As a result of the refusal of the first defendant to assign the subject trademark back to the plaintiff, on or about 11 March 2013, the agency agreement between the plaintiff and defendant was terminated and the plaintiff subsequently filed the OS.

[15] In his statutory declaration dated 5 October 2005, Chin Kim Wah, the general manager of the first defendant declares that the first defendant is 'the bona fide proprietor of the mark, a representation of which appears below and the applicant is entitled to be registered as the proprietor of the same in class 9 wieland '.

THE PLAINTIFF'S SUBMISSION

[16] It is the plaintiff's contention that it is entitled to rectify the register with regards to the impugned marks on the following grounds:

(a) the plaintiff is an aggrieved person under s 45(1) of Act 175;

(b) that the plaintiff is the lawful proprietor of the wieland mark ('the subject trademark') in Malaysia;

(c) that the defendant is merely a distributor at the time the application for registration was submitted and has no authority to apply to register the subject trademark;

(d) that the subject trademark offended s 14(1)(a) of Act 175 it is likely to deceive and cause confusion to the public; and

(e) therefore, in the circumstances, this court must exercise its discretion to allow the application.

THE FIRST DEFENDANT'S SUBMISSION

[17] The first defendant submits as follows:

(a) that the plaintiff did not come to court with clean hands, as they have full knowledge on the details of the registration and failed to oppose the registration;

(b) that there has been an inordinate delay in filing this application;

(c) that the allegation of fraud must be proved beyond reasonable doubt; and

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(d) that pursuant to s 37 of Act 175, the registration of the first defendant is conclusive.

THE FINDINGS OF THE COURT

Whether the plaintiff is an aggrieved person

[18] The plaintiff's application herein is pursuant to s 45(1) of the Trade Marks Act 1976 ('Act 175') which provides as follows:

> 45 (1) Subject to the provisions of this Act —
>
> (a) the Court may on the application in the prescribed manner of any person aggrieved by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as if thinks fit.

[19] Under s 45(1)(a) of Act 175, the plaintiff must show that they were a person aggrieved in order to establish their locus standi. I take note that there is nothing in the affidavit of the first defendant that challenged the locus standi of the plaintiff, in that the plaintiff is not a person aggrieved under s 45(1)(a) of Act 175. On this, I adopt the reasoning of Justice Azhar Mohamed in *The Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors v Syarikat Faiza Sdn Bhd* [2011] 2 MLJ 768; [2011] 9 CLJ 394 where His Lordship held at p 402:

> I do not feel that further elaboration on this issue is necessary considering the fact that the respondent did not specifically in any of its affidavits plead that the applicants are not persons aggrieved within the meaning of that provision. In his way, the respondent is deemed to have accepted that the applicants are persons aggrieved (see *Sunrise Sdn Bhd v First Profile (M) Sdn Bhd & Anor* [1997] 1 CLJ 529).

[20] In any event, I am also of the considered opinion that from the affidavits of the plaintiff, the plaintiff is an aggrieved person under s 45(1)(a) of Act 175. In *McLaren International Ltd v Lim Yat Meen* [2009] 5 MLJ 741 on the issue of whether the appellants were a person aggrieved under s 46(1) of Act 175, the Federal Court held at p 750:

> [22] We understand that passage as laying down the principle that a person aggrieved is a person who has used his mark as a trademark — or who has genuine and present intention to use his mark as a trademark — in the course of a trade which is the same as or similar to the trade of the owner of the registered trademark that the person wants to have removed from the register.

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[21] In the present case the plaintiff is aggrieved by the first defendant's registration of the subject trademark. The first defendant's registration of the subject trademark would have the effect of granting the defendant an exclusive right to the Wieland trademarks in Malaysia. This will disrupt the business operations of the plaintiff to sell its Wieland products. As the plaintiff has terminated the agency agreement altogether and has other business partners in Malaysia, the Wieland products are still being sold in Malaysia. The plaintiff intends to use the Wieland trademarks in Malaysia and to continue marketing the Wieland products. Further, first defendant's registration of the subject trademark will prevent the plaintiff from expanding its business in Malaysia especially given the fact that the plaintiff's and the defendant's trade are similar.

Whether the plaintiff is the rightful proprietor of the Wieland trademarks

[22] In *Ho Tack Sien & Ors v Rotta Research Laboratorium SpA & Anor* [2012] MLJU 1192; [2012] 8 CLJ 645, the Court of Appeal held that:

> [24] In our judgment, before a court of law expunges an existing trademark, the court must be conscious of several factors. *The first is that the burden of demonstrating that the registration was wrongly entered falls on the applicant,* in this case the respondents. Secondly, the court must be conscious that even assuming the respondent succeeds in proving that there is a basis to expunge the trademark, this does not necessarily imply that the court would order the expungment. The court always retains the discretion as to whether the mark should be expunged ... (Emphasis added.)

[23] The next issue to consider is whether there is any merits in the plaintiff's application, in that the plaintiff must establish that the registration by the first defendant was wrongly entered. The Federal Court in *Yong Teng Hing b/s Hong Kong Trading Co & Anor v Walton International Ltd* [2012] 6 MLJ 609; [2012] 6 CLJ 337 held in para 7:

> It must also be noted that under the provisions of the Trade Mark Act 1976 ('the Act') *priority to a trademark is not necessarily accorded to the first party or the first user to file the trademark*. We agree with the submission of learned counsel for the respondent that the entitlement to a trademark is dependent on a number of factors. Such factors for consideration are *whether the applicant is the bona fide proprietor of the trademark pursuant to s 25 of the Act* and *whether the trademark qualifies for registration pursuant to s 10 of the Act* particularly whether the mark is distinctive of the applicant. A factor to be also considered is *whether the trademark shall be prohibited from registration pursuant to other provisions of the Act, such as ss 14 and 19 of the Act.* (Emphasis added.)

[24] The first issue is whether the plaintiff is a bona fide proprietor of the trademark pursuant to s 25(1) of Act 175, which reads as follows:

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25 (1) Any person claiming to be the proprietor of a trademark used or proposed to be used by him may make application to the Registrar for the registration of that mark in the Register in the prescribed manner.

[25] In *Jost Cranes GmbH & Co KG v Jost Cranes Sdn Bhd* [2010] 4 MLJ 191, Justice Azhar Mohamed held that case laws have established that courts are prepared to infer first prior user of a particular trademark in respect of goods applied for from small amount of use and testing. His Lordship also referred to an Australian case of *Moorgate Tobacco Co Ltd v Philip Morris Ltd (No 2)* (1984) 156 CLR 414 where it was held that there is no need to establish local reputation by the foreign owner and that a prior transaction would be viewed favourably if it could be considered to fall within the definition of use of trademark.

[26] From the affidavit evidence before this court, I am of the considered opinion that the plaintiff has established the first use of the Wieland trademarks in Malaysia prior to the registration date of the subject trademark, that is 6 October 2005. My reasons are as follows:

(a) the plaintiff first sold the Wieland products in Malaysia on or about 1984. The Wieland products were supplied by the plaintiff to a Singaporean company, Isolectra Far East Pte Ltd, which in turn supplied the Wieland products to members of the trade and public in Malaysia through its subsidiary, Isolectra (M) Sdn Bhd (Company No 10264/81). The contract in essence appointed Isolectra Far East Pte Ltd as the plaintiff's agent in Singapore, Malaysia and Indonesia. The supply of Wieland products in Malaysia through Isolectra Far East Pte Ltd and its subsidiary company ceased in 1997 (see exh JG3);

(b) on or about the year 2000, the plaintiff embarked on a possible collaboration with Dom Industries Sdn Bhd to be the plaintiff's distributor in Malaysia. However this business relationship did not mature into a more permanent one. Around the same time, Isolectra (M) Sdn Bhd was also continuing its post termination obligation to supply to its existing customers (see exh JG4);

(c) on or about 1996, the plaintiff's subsidiary company in the United Kingdom, Wieland Electric Ltd, was awarded a subcontract for the supply and installation of various products bearing the Wieland trademarks, including without limitation products for modular wiring in the ceiling and power distribution system under the floor, for the construction of the Petronas Twin Towers (see exh JG5);

(d) subsequently, in 1997, Wieland Electric Ltd set up a regional office in Malaysia to oversee Wieland Group's business in Malaysia. This is evidenced by the contract of employment of Paul Ingman and Tracey

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Ingman where Paul Ingman was appointed as the regional manager effective from 3 March 1997 whereas Tracey Ingman was appointed as administration manager effective from 1 September 1997 (see exh JG6);

(e) added to that, before the registration date of the subject trademark, that is 6 October 2005, the plaintiff has been distributing and selling its 'WIELAND' products in Malaysia through its agent and distributor, the first defendant under the agency agreement since 21 May 2001. The first defendant did not dispute the agency agreement in their affidavit. From the agency agreement, the first defendant is the plaintiff's agent and distributor to sell the 'WIELAND' products within Malaysia on a commission basis. Therefore, at all material times, the Wieland products that were sold by the first defendant in Malaysia were manufactured by the plaintiff or its appointed manufacturer and imported by the defendant. This can be seen from the invoices at exh JG9 pp 263–275 that were issued by the plaintiff to the defendant for such supply of Wieland products between 5 July 2001 and 22 April 2005; and

(f) finally, as can be seen from the e-mail dated 3 November 2011, the first defendant had admitted that they did not discuss with the plaintiff prior to the filing of the application. In the said e-mail, the first defendant admitted that it has registered the mark in order to 'protect the interest of the manufacturer (the plaintiff) and its brand name'. The first defendant also promised that once the registration is obtained, the subject trademark would be transferred to the plaintiff. From the said e-mail, it is very clear that the first defendant was very much aware that it is not the rightful owner of the subject trademark, and that it clearly recognised that the plaintiff is the rightful proprietor of the same.

[27] In *Hai-O Enterprise Bhd v Nguang Chan @ Nguang Chan Liquor Trader (a firm intervening)* [1992] 4 CLJ 1985, Justice Mahadev Shanker held at p 1992:

> Generally speaking it is *the manufacturer of the goods who is entitled to be registered as the owner of any mark he attaches to identify his goods, not the person who imports these goods into this country*. In certain circumstances however, the importer can acquire that right as against the manufacturer where there is a contest between them.
>
> ...
>
> It is important at all times to keep in the forefront of our minds that there is a clear distinction between the intellectual property in a trademark, and the title to the goods upon which that mark is applied. So generally, a *manufacturer continues to own the mark even though he has sold the goods*. The object of the exercise is to indicate 'origin'. *In its most elementary form the owner of the trademark would be the trader whose connection is indicated by the use of the mark. That trader would be the owner of the mark at common law*. Speaking generally in this case, it is common ground that the said mark was originally conceived in China for the purpose of indicating the

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> Chinese connection with the goods. If the Chinese used or proposed to use this mark on their goods in Malaysia, then the said mark comes within the definition. So viewed, the propose meaning to be assigned to the term 'proprietor' means the Chinese because they were the ones who first intended that their mark should be used in Malaysia when they agreed to allow Hai-O to import their goods under the sole agency agreement and did in fact so use the mark from the day the goods reached Malaysian soil. (Emphasis added.)

[28] In *Meidi (M) Sdn Bhd v Meidi-Ya Co Ltd, Japan & Anor* [2008] 6 MLJ 433; [2008] 1 CLJ 46, the Court of Appeal held that:

> Generally speaking it is the manufacturer of goods who is entitled to be registered as the owner of any marks he attaches to identify, not the person who imports these goods into this country.

[29] From the agency agreement and the e-mails of the first defendant, it is without doubt that it was the plaintiff who is the owner of the marks and they were the ones who first intended that their mark should be used in Malaysia. I am therefore of the considered opinion that the plaintiff was the first to use the Wieland trademarks in Malaysia and, therefore, is the rightful proprietor pursuant to s 25(1) of the Act 175.

[30] However, the first defendant submitted that they are the one who 'popularised' the Wieland trademarks and the Wieland goods in Malaysia. On this I agree with the submission of the plaintiff any act of the first defendant in promoting the Wieland trademarks and the Wieland goods forms part of its obligations to the plaintiff as its sales agent in Malaysia. Such activities do not accord the defendant any ownership rights over the Wieland trademarks. Goodwill in the Wieland trademark through such use by the defendant, if any, would accrue to the plaintiff. In *Jost Cranes*'s case, Justice Azahar (as His Lordship then was) held as follows:

> It is true that the Respondent had incurred various expenses in its efforts to promote and sell the construction cranes bearing the JOST Mark. Having regard to the factual matrix of the present case, in my view, such promotional efforts to sell the construction cranes bearing JOST Mark were construction cranes of the Applicant's manufacture (and not of the Respondent's); and further that promotional efforts to sell goods bearing a certain trademark can be taken or deemed to be use of the said mark.

[31] It was also held in *Hai-O Enterprise Bhd*'s case that an importer of such goods, notwithstanding the acquisition of a commercial reputation thereof, does not acquire any proprietary rights over a manufacturer's mark merely by being a conduit from manufacturer to ultimate consumer.

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[32] Bearing in mind that the first defendant was only appointed as the sales agent and distributor for Wieland products in Malaysia on or about 21 May 2001 pursuant to the agency agreement, the first defendant cannot claim proprietorship of the Wieland trademarks in Malaysia.

[33] In the premise, I am of the considered opinion that the plaintiff is the rightful proprietor of the subject trademark at all material times. Therefore, pursuant to s 25, only the plaintiff has the legal right to make the application to the registrar for the registration of wieland in the register.

Whether the registration of the subject trademark was obtained by fraud

[34] In Chapter 8 of *Trade Marks Law in Malaysia* by Ida Madeiha bt Abdul Ghani Azmi, the author opines that s 45(1) allows the rectification of the register by the removal of marks; and that the marks can be removed from the register on several grounds, namely:

(a) for non-use;

(b) for being non-distinctive; and

(c) for being deceptive or fraudulent.

[35] It is the submission of learned counsel for the plaintiff that since the plaintiff is the rightful proprietor of the subject trademark, the first defendant must have obtained the registration of the subject trademark by fraud.

[36] In *Regent Pumps Pty Ltd & Anor v Keylargo Industrial Sdn Bhd* [2009] 2 CLJ 303, Justice Ramly Ali (as His Lordship then was) held that several cases have shown that by registering the mark that belonged to another trader despite knowing the lawful proprietor of the mark is the other trader is considered as fraud under Act 175. As such, even though I agree with the submission of the first defendant that the standard of proof on an allegation of fraud must be one beyond reasonable doubt, the cases have established that the registering of a mark that rightfully belonged to another person constitutes a fraud committed on the registrar.

[37] The position taken by Justice Ramly is premised on the case of *Luk Lamellen Und Kupplungsbau GmbH v South East Asia Clutch Industries Sdn Bhd* [1997] 2 MLJ 724, which His Lordship referred to at p 313 of the judgment. In this case, upon finding that the applicants were the lawful proprietors of the trademark and that the respondents were aware of the fact, the court held at p 733 that:

> Knowing that the LUK trademark belonged to the applicants, the respondents applied for and obtained registration of the trademark as theirs in respect of their

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> products. In making the application, *they must have claimed that the trademark belonged to them because, by s 25 of the Act, they had to claim that they were the proprietors of the trademark in order to qualify to apply. Since they were not, it was a false claim made for dishonest purpose, which was to become the registered proprietors of a trademark that belonged to somebody else.* It was a falsehood practised on the registrar to achieve a result that was adverse to the interests and rights of the applicants as the lawful proprietors of the trademark. (Emphasis added.)

[38] In the *Hai-O*'s case, the court held that the registration by a local importer, even with the consent of knowledge of the foreign manufacturer, will be regarded as having been obtained by fraud on the registrar and the Malaysian public. At pp 2001–2002, it was held that:

> In the present case Hai-O was very well aware of the facts which obliges this Court to hold that in law their sale of Special Quality Ling Zhi Wine was tantamount to user by the Chinese. I also hold that they must have known that the Chinese were applying the said mark to other items in the same range exported by them for sale in Malaysia. *What distinguishes Hai-O from the facts in some of the cases cited is that they registered the mark with the knowledge and consent of the Chinese.* Perhaps they even honestly believed themselves entitled (in a subjective sense) to do as they did. *However I am compelled to hold on the facts that objectively viewed they were not entitled to say to the Registrar as they undoubtedly did that they were the proprietors of the mark. Hai-O* and the people advising them in 1981 must be taken to have known the law. Section 7 of the Act forbids the Registrar taking notice of a trust. The scheme of the Act imposes a duty on the applicant to disclose truthfully who the proprietor of the mark is. *By s 25 of the Act only the person claiming to be the proprietor can apply in the prescribed manner.* In a nutshell *Hai-O misled the Registrar on a point which went to the root of the matter. I hold that in that sense a fraud was committed on the Registrar*. (Emphasis added.)

[39] In his statutory declaration dated 5 October 2005, Chin Kim Wah, the general manager of the first defendant declares that the first defendant is 'the bona fide proprietor of the mark', a representation of which appears below and the Applicant is entitled to be registered as the proprietor of the same in class 9 wieland .'

[40] Bearing in mind that the plaintiff is the rightful proprietor of the subject trademark, the first defendant has misled and misrepresented itself to the registrar by claiming to be the rightful proprietor of the Wieland trademark via the said statutory declaration affirmed on 6 October 2005. This is clearly a fraud as the first defendant has merely been an importer and/or the agent and/or distributor of the plaintiff in Malaysia at all material times. Therefore this amounts to a fraud committed on the registrar of trademarks.

[41] Added to that, I agree with the submission of the plaintiff that from paras 8–9 of the plaintiff's affidavit in reply and exh JG14 at pp 12–33 of the

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plaintiff's affidavit in reply, the first defendant is in the habit of registering trademarks belonging to foreign proprietors and/or manufacturers. From the first defendant's affidavit in reply, it is established that the defendant are merely 'sole distributor' or 'sole agent' of the said foreign trademarks which it has applied for or is registered as proprietor. This clearly demonstrates bad faith on the first defendant's part.

[42] In the premise, I am of the considered opinion that the first defendant had obtained the registration of the subject trademark by fraud.

[43] The first defendant, however relied on s 37 of Act 175, which provides that after the expiration of seven years from the date of the original registration of the trademark, then the registration is conclusive. Since the first defendant had applied for the registration on 6 October 2005, the seven years lapses on 7 October 2012. As such, the rights of the first defendant is conclusive under s 37 of Act 175. Section 37 reads:

> 37 Registration conclusive
>
> In all legal proceedings relating to a trademark registered in the Register (including applications under section 45) the original registration of the trademark under the Act shall, after the expiration of seven years from the date thereof, be taken to be valid in all aspects unless it is shown that —
>
> (a) that the original registration was obtained by fraud;
>
> (b) that the trademark offends against section 14; or
>
> (c) that the trademark was not, at the commencement of the proceedings, distinctive of the goods or services of the registered proprietor, ...

[44] Since s 37 of Act 175 allows the validity of the registered mark to be challenged in several situations, including where the original registration was obtained by fraud, then premised on my finding that the first defendant had obtained the registration of the subject trademark by fraud, then the first plaintiff cannot seek the protection of s 37 of Act 175.

Whether the registration of the subject trademark offends s 14(1)(a) and (b) of Act 175

[45] The Federal Court in *Walton International Ltd*'s case also held under Act 175 the priority to a trademark is not necessarily accorded to the first party or the first user to file the trademark, but also depend whether the trademark offends s 14 of Act 175. Section 14(1)(a) and (b) provides as follows:

> 14(1) A mark or part of a mark shall not be registered as a trademark —

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(a) if the use of which is likely to deceive or cause confusion to the public or would be contrary to law; or

(b) if it contains or comprises any scandalous or offensive matter or would otherwise not be entitled to protection by any court of law; ...

[46] In view of my finding that the plaintiff is the rightful proprietor of the Wieland trademarks and that the registration of the subject trademark by the defendant is obtained by fraud, it is therefore likely to deceive or cause confusion to the public and is contrary to the law. Justice Ramly Ali in *Regent Pumps Pty Ltd*'s case also referred to a Singapore case in *RH Macy & Co Inc v Trade Accents* [1992] 1 SLR 581, where the court held that:

> To establish a mark offended against s 15 of the Act, it is necessary only to show likelihood of deception or confusion and it is not necessary to show something further, such as some possible, probable showed that deception or confusion was likely and tangible amongst members of the public, viz ordinary and reasonable persons including Singaporean manufacturers.

[47] On the facts before me, there is likelihood of deception and confusion to the public whether the goods bearing the subject trademark belonged to the rightful proprietor, the plaintiff or the agent and distributor of the plaintiff's goods, the first defendant. The first defendant had represented to its customers that they are the sole agent of the Wieland products, among others, in Malaysia. Therefore, the registration of the subject trademark would entitle the first defendant to affix the subject trademark on goods of the defendant's manufacture. Once that happen the public would likely be deceived of the origin of such goods.

[48] Therefore, since the registration of the subject trademark is likely to deceive or cause confusion to the public, the registration of the subject trademark should not be allowed to remain on the register.

Whether the registration of the subject trademark offends s 10 of Act 175

[49] The case of *Walton International Limited*'s case also held that priority to a trademark is not necessarily accorded to the first party or the first user to file the trademark but also depends on whether the trademark qualifies for registration pursuant to s 10 of the Act 175.

[50] Under s 10(1)(e) and 10(2A) of Act 175, a mark should only be registered if it is distinctive, and distinctive means that the trademark must be capable of distinguishing the goods with which the proprietor is connected in the course of trade from goods which no such connection subsists.

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[51] Having considered the facts before me, I am of the considered opinion that the subject trademark was not distinctive of the goods of the first defendant. This is because at all material times, the defendant was only the sale agent/distributor/importer of the plaintiff's Wieland products. This can be seen from the first defendant's own admissions in the defendant's affidavit in reply, that is:

(a) at paras 8.1 and 8.3 of the first defendant's affidavit in reply, the first defendant averred that it is the sole distributor of many well-known branded products. At exh CWK2 at p 13, it is evident that the defendant is the 'sole distributor of electrical and automation components' for various well-known brands, including 'Wieland';

(b) at para 8.3 of the first defendant's affidavit in reply, the first defendant averred that it has been appointed to represent numerous world re-known and well-known brands, and adduced copies of the defendant's certificates of appointment by the owners of these well-known brands as evidence. These certificates are collectively annexed as exh CKW4. The said exhibit includes the Wieland brand as one of the well-known brands and this can be seen at pp 54–56 of exh CKW4;

(c) at para 8.5, the defendant stated that it first encountered and found out about the Wieland brand in early 90's when the deponent attended a trade exhibition known as the Messe Exhibition in Hanover Germany;

(d) at p 45 of exh CKW3 of the defendant's affidavit in reply, it is clearly shown that the defendant represented itself as the exclusive distributor of terminal block and heavy duty connector bearing the Wieland trademarks; and

(e) at p 66 of exh CKW5 of the defendant's affidavit in reply, it is clearly shown that the defendant represented itself as the 'sole agent' of various branded products, including products bearing the Wieland trademarks.

[52] In the premise, I am of the considered opinion that the subject trademark is still distinctive of the plaintiff, with the first defendant acting as the 'sole agent' of the said products, as they do for many other international brands.

Whether the plaintiff did not come to court with clean hands, as they have full knowledge on the details of the registration and failed to oppose the registration

[53] It is the contention of the first defendant that the plaintiff had full knowledge of the details of the registration, but failed to oppose the trademark registration. The first defendant submits that from the e-mail dated 3

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November 2011 (see exhs JG10 and CKW4), the plaintiff knew about the steps taken by the first defendant to register the subject trademark. When the *gazette* took place on 1 September 2011, they failed to file a notice to oppose within the two months period of opposition.

[54] On this point I agree with the submission of the plaintiff that the first defendant's contention cannot be correct for the following reasons:

(a) vide e-mail dated 24 October 2011 (see p 278 of the plaintiff's affidavit in support) the plaintiff confronted the first defendant on its wrongful attempted registration of the subject trademark and demanded for the defendant to stop the registration immediately. The plaintiff further informed the first defendant that no such permission was given to the first defendant and that the plaintiff will oppose to the registration. The plaintiff further reiterated that the subject trademark is the property of the plaintiff;

(b) In reply to the said e-mail, the first defendant on 3 November 2011 sent an e-mail to the plaintiff:

(i) apologised to the plaintiff for not first discussing with the plaintiff before filing the application ('We apologize for not discussed with you prior to this as we thought as a *responsible distributor*; we must act quickly to *protect the interest of manufacturer and its brand name*') — see e-mail;

(ii) explained to the plaintiff that, as a responsible distributor, the defendant thought it must act quickly to protect the interest of the manufacturer (ie the plaintiff) and its brand name;

(iii) justified to the plaintiff that the reason the first defendant applied to register the subject trademark was due to the rampant sale of fake goods bearing trademarks that belonged to foreign proprietors, which implied that the first defendant was merely 'protecting' the plaintiff's interest in Malaysia ('After successful taken effective action against some unethical importers, we *have arranged with relevant principal manufacturer for transferring back the trademark registration*') ('So far, respective principal manufactures were thankful for our proactive action in protecting *their* brand name in Malaysia') — see e-mail);

(iv) after making compelling arguments, the first defendant falsely represented that once registration is obtained, the subject trademark will be transferred to the plaintiff ('We request that *you let IA proceed* to obtain the registration, *later we shall arrange to relevant transfer'* — see e-mail);

(v) requested that the plaintiff allow the subject trademark to proceed to registration which suggests that the first defendant requested for the

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plaintiff not to oppose to the registration of the subject trademark; and

(vi) apologize to the plaintiff for 'not checking or alert prior our action, giving you shocking moments'.

[55] It is clear from the representations that the first defendant was fully aware of its wrongful application to register the subject trademark which is rightfully owned by the plaintiff, thereby giving the plaintiff shocking moments.

[56] I agree with the submission of the plaintiff that from looking at the contents of the first defendant's e-mail dated 3 November 2011 as a whole, it is clear that the first defendant was aware that it is not the rightful proprietor of the subject trademark. Furthermore, the plaintiff had always maintained its position that it is the rightful proprietor of the subject trademark and the defendant is well aware of this. Hence, it appears that the position taken by the first defendant now is in contradiction with the position taken previously. From the said e-mail, there is also a clear undertaking by the first defendant that it would transfer the registration of the subject trademark to the plaintiff, but they failed to do so.

[57] This clearly shows that the first defendant is dishonest, and acted in bad faith by blatantly making false representations to the plaintiff which goes to show that the intention of the defendant here is to hijack the goodwill and reputation in the subject trademark which rightfully belongs to the plaintiff.

[58] In any event, the failure of the plaintiff to file an opposition to the first defendant's registration does not preclude the plaintiff from taking this action premised on s 45(1) of Act 175. In *Walton International Limited*'s case, the Federal Court held that:

> [22] We are also of the view the *fact that the respondent had not appealed against the decision of the registrar in dismissing the respondent's opposition to the appellant's mark in Class 14 is likewise irrelevant.* On this point we would refer to the English Court of Appeal's case of *Special Effects Ltd v L'Oreal SA* [2007] RPC 381 wherein it was held, inter alia, that *an opposition proceeding does not give rise to any estoppel to the same party from seeking to rectify the register by expunging the registered mark after an unsuccessful opposition*. This is because an opposition proceeding is inherently not final so as to be capable of being the basis for an issue estoppel. Similarly, in the case of *Dame Vivienne Westwood OBE v Anthony Edward Knight* [2011] EWPCC 008, the court therein held that even if a person had pursued an opposition and lost, that person could still apply to invalidate and no cause of action estoppels nor issue estoppels would prevent it. We are therefore of the view that following the above cited case laws, *it remains open for the respondent to challenge the registration of the appellant's trademark in Class 14 by relying on the provision of s 45 of the Act in rectification proceedings.* (Emphasis added.)

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Whether there has been an inordinate delay in filing this application

[59] The first defendant also submits that there has been an inordinate delay in this application as the subject trademark was registered in 2011 and that the plaintiff has also failed to file a notice of opposition.

[60] I agree with the submission of the plaintiff that there has not been any delay in the application given the fact that the subject mark was only accepted to be registered on 14 December 2011 and the parties have been trying to settle the dispute amicably since then. This application was filed only after negotiation between the parties failed resulting in the termination of the agency agreement on 11 March 2013.

[61] In any event, the first defendant relied on the case of *Faber Merlin (M) Sdn Bhd & Ors v Lye Thai Sang & Anor Tan Kim Chua Realty Sdn Bhd v Lye Thai Sang & Anor* [1985] 2 MLJ 380 which is a case on the exercise of discretion. However, bearing in mind that it was the first defendant who gave the plaintiff shocking moments and had requested the plaintiff to let them proceed with the registration on the understanding that 'later we shall arrange to relevant transfer', and provided a false statutory declaration with regards to the ownership of the subject trademark, then surely the exercise of the court's discretion must be against those who has committed fraud on the registrar.

[62] Further, we are dealing with a statutory rights pursuant to Act 175, and the plaintiff is merely seeking an enforcement of their statutory rights. Justice Ramly Ali in *Regent Pumps Pty Ltd*'s case held that mere delay after knowledge of infringement does not deprive the applicants of their statutory rights or appropriate remedies. His Lordship also referred to the case of *Vidal Dyes Syndicate Ltd v Levinstein* (1912) 29 RPC 245 where it was held in a patent case that mere delay in enforcing rights did not affect the legal position.

[63] The first defendant made reference to declaration being a discretion of the court and quoted the authoritative text of Zamir on 'The Declaratory Judgment'. Paragraph 4.005 at p 107 of Zamir reads:

> Whilst the court's jurisdiction to grant declarations is extremely wide, its general approach is that if a party has succeeded in his action he should not usually be sent away empty handed.

[64] In the present case, as the plaintiff has made a case under s 45(1) of Act 175, then the declarations and the orders that they are seeking must be allowed.

[65] Finally, the first defendant placed heavy reliance on the case of *Lim Yew Sing v Hummel International Sports & Leisure A/S* [1996] 3 MLJ 7 which held

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that there is nothing wrong for a Malaysian trader to become the registered proprietor of a foreign mark for similar foreign goods provided that the foreign marks has not been used at all in Malaysia. However, I am of the considered opinion that this case is distinguishable as unlike our present case, there is no relationship between the registered proprietor and the party seeking to expunge the mark. Further, in the *Hummel*'s case, there is no evidence that the applicant has used the subject mark or that there were sales of the subject mark before the date of registration.

[66] In *Walton International*'s case, counsel also relied on the *Hummel* case. In distinguishing *Hummel*'s case, in para (8), Federal Court held that:

> [8] The appellant has relied on the principle of law as laid down in the Court of Appeal's decision of *Lim Yew Sing v Hummel International Sports & Leisure A/S* [1996] 4 CLJ 874 ('the *Hummel*'s case') to support his case that the first user and applicant for registration of a trademark in a particular class is deemed to be the true proprietor of the said trademark over another who has not shown prior use of an identical or similar trademark in relation to goods in the same class. With respect, we could not agree with the contention of the appellant as *Hummel*'s case can be distinguished on the facts from the present case. We noted that the *Hummel's case did not decide the first user of the trademark would be entitled to register the trademark absolutely. In Hummel's case there was no issue of the foreign entity having used the trademark at all in Malaysia prior to the application date* in respect of different but related goods unlike in the present case. The *Hummel*'s case involves an application to invalidate the *Hummel* trademark registration which had been registered for more than seven years pursuant to s. 45 of the Act.

CONCLUSION

[67] From evidence before me, I am the considered opinion that the first defendant is not the rightful proprietor of Trade Mark Registration No 05016795. It is the plaintiff who is at all material times the rightful proprietor of the subject trademark. The first defendant was merely the distributor and/or agent of the Wieland products has no sufficient cause to register the Wieland trademarks. Therefore, the registration of the subject trademarks offends s 25(1) of Act 175.

[68] Further, the first defendant has also obtained the registration of the subject trademark by fraud and that the registration is in contravention of s 14(1)(a) of Act 175 as it is likely to deceive and cause confusion to the public. The subject trademark is also not distinctive of the goods of the defendant but in fact is distinctive of the goods of the plaintiff. As such, the registration is in contravention of s 10(1)(e) and s 10(2A) of Act 175.

[69] In the premise, as the plaintiff has satisfied s 45(1) of Act 175, encl (1) is allowed with costs and I make an order that the Trademark Registration No

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05016795 consisting of the Wieland trademarks be expunged from the Register of Trade Marks, Malaysia.

Plaintiff's application allowed with costs and Wieland trademarks ordered to be expunged from the Register of Trade Marks, Malaysia.

Reported by Kanesh sundrum